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SUBJECT: BULGARIAN ELECTIONS: GERB LEADS IN LAST LAP, BUT
NO CLARITY ON POSSIBLE GOVERNING COALITION

Classified By: ambassador nancy mceldowney for reasons 1.4 (b) and (d).

11. (C) SUMMARY: In the homestretch of a cynical and uninspiring campaign for July 5 parliamentary elections, Bulgaria's parties are targeting the 25 percent undecided vote that holds the balance of power. Voter distrust and disgust are sky high, but turnout may yet reach traditional 50-60 percent levels. Vote buying and fraud are at post-transition peaks, both in scale and perniciousness. OSCE and local NGO's will have monitors and observers in place. Sofia Mayor Borissov's center-right GERB leads the pack, with the ruling BSP socialists running a tired second. The corruption tainted and reviled ethnic-Turkish MRF and ultra-nationalist Ataka are in a close race for third and fourth, with MRF set to again wield a king-maker role in coalition formation. Four other parties stand a decent chance to break the four percent barrage. If so, coalition formation could be protracted. A weak and divided government is likely irrespective of whatever coalition emerges. END SUMMARY.

THE BAD AND THE UGLY

12. (C) Bulgaria's parties have run ugly and cynical campaigns largely devoid of ideas, ideology, principles, policies or platforms. They have run stealth campaigns, avoiding mass rallies, and even TV spots, going instead for retail politicking. They have concentrated on rural and small urban centers. With approximately 25 percent of voters likely to decide in the last three or four days, there is a desperate race to connect. A last minute TV and spending blitz is now underway. Though virtually all parties have committed against vote buying, widespread fraud is likely (septel).

WHAT TO WATCH

13. (C) Three important elements:

-- Turnout: The larger the turnout, the less impact vote buying will have, especially for the smaller parties struggling to climb over the four percent barrage. More important than actual numbers: whose voters stay home. In the past two elections, center-right voters left the field. If they come out this time around, the conservative Blue Coalition and GERB will do well.

-- Vote buying: MRF is the master, with BSP and shady businessman Kovachki's LIDER also having the muscle and organization to manipulate voters. This will not appreciably impact GERB and BSP vote totals nationally but the smaller parties need every vote. MRF and BSP have the skills to slide voters to districts where a few hundred or thousand votes will shift the balance, important for ex-king Simeon's NMS and the disreputable Order, Law and Justice (OLJ) party, widely seen as a BSP creation to siphon protest votes from GERB.

-- The 31 majoritarian districts: This first-time, unusual system of mixed 31 single member majoritarian districts and 201 proportional seats has tilted the playing field away from GERB and the center-right. LIDER and OLJ have muddied the waters by running on cynical anti-corruption, pro-EU platforms designed to draw voters away from BSP and more so from GERB. The population base of districts varies widely, with urban areas that trend right having many more voters than rural areas that trend BSP and MRF. As a consequence, BSP and MRF have natural advantages at winning more single member seats than would ordinarily be the case under a proportional system.

THE STANDINGS

14. (C) Polls consistently show GERB comfortably ahead and perhaps pulling away from BSP, a mid-30Qs to mid-20Qs polling range. Borissov has run an erratic campaign, sending conflicting signals on whether he would become prime minister, baffling supporters. But revulsion against the ruling coalition is helping GERB. MRF leader Dogan was caught on video describing himself as the key power broker. His unapologetic defense of manipulating contracts and favors will not hurt MRF but has sapped BSP and boosted GERB and Ataka. GERB plans a last minute push, with Borissov more visible and vocal. It needs to stretch the margin from BSP into the mid-teen range to pull off a coalition with only a few parties.

15. (C) BSP tried to run on its economic performance (now OBE'd as the crisis hits) and attacking Borissov personally, which hasn't worked. It's pulling out the

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stops to get more than its old, rural, poor constituency. Those prospects are uncertain. PM Stanishev faces a stark future if BSP falls far behind GERB. He may be saved only because BSP will not be able to agree on a compromise successor given the deep factional and party baron splits.

16. (C) MRF will draw at the 10 percent and above range. Ataka will do the same as they symbiotically help each other. Perhaps no more than 15-20 percent of the vote remains for the other four parties. NMS and LIDER are flirting with the four percent barrage. The Blue Coalition is just above and OLJ is scraping by.

SPINNING SCENARIOS

17. (C) Mathematically, a GERB-BSP coalition is the only two party grouping that can get more than 51 percent of the seats. But political, personal, and practical issues make this complicated, though the alternative is a second round of elections if the coalition formation process completely collapses.

18. (C) GERB-center-right coalition: Possible, but they do not have the seats if current projections hold, even if NMS joins them.

19. (C) BSP led coalition: It would take a motley mix of four or even five parties, including MRF. Internal cohesion and external integrity would be suspect; corruption would flourish. A new brain drain could well ensue.

110. (C) Technocrat or "program government:" Parliament approves a cabinet of technocrats acceptable to all sides. President Parvanov reportedly favors this option to enhance his influence. Advantage: parties avoid responsibility when the economic crisis hits full force. Disadvantage: no true responsibility/accountability; a past technocratic government was among Bulgaria's most corrupt.

111. (C) COMMENT: MRF will hold enough seats to complicate any negotiations. The outlook for a strong, decisive

coalition is iffy at best. The durability and logevity of any coalition will be suspect, when Bulgarian can ill-afford political instability. Any government will immediately face tough and unpopular economic choices and be confronted with a bloated, inefficient and risk averse bureaucracy that lacks administrative capacity. As the race winds down, Bulgarians are intent on sending a message of angry frustration, but parliament will be a muddled mess and any coalition weak and brittle. END COMMENT.

McEldowney